

UNC Modification	At what stage is this document in the process?
<div>UNC 0862:</div> <div>Amendments to the current Unidentified Gas Reconciliation Period arrangements</div>	<div><div>01Modification</div><div>02Workgroup Report</div><div>03Draft Modification Report</div><div>04Final Modification Report</div></div>
<div>Purpose of Modification:</div> <div>This Modification proposes amendments to the current Unidentified Gas Reconciliation Period arrangements to reconcile UIG to the same months that the energy originated from (instead of smear over previous 12 months).</div>	
<div>Next Steps:</div> <div>The Proposer recommends that this Modification should be:</div> <div><ul style="list-style-type: none">considered a material change and not subject to Self-Governanceassessed by a Workgroup for 6 months</div> <div>This Modification will be presented by the Proposer to the Panel on 16 November 2023. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</div>	
<div>Impacted Parties:</div> <div>High: Shippers, Distribution Network Operators, Consumers, Central Data Services Provider (CDSP)</div> <div>Low:</div> <div>None: Independent Gas Transporters and National Gas Transmission</div>	
<div>Impacted Codes: Retail Energy Code (REC)</div>	

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Timetable			Transporter: Guv Dosanjh Cadent
Modification timetable:			 Gurvinder.Dosanjh@cadentgas.com
Pre-Modification Discussed		06 July 2023	
Date Modification Raised		27 October 2023	
New Modification to be considered by Modification Panel		16 November 2023	
First Workgroup Meeting		23 November 2023	
Workgroup Report to be presented to Modification Panel		16 May 2024	 07773 151572
Draft Modification Report issued for Consultation		17 May 2024	Systems Provider: Xoserve
Consultation Close-out for representations		10 June 2024	
Final Modification Report available for Modification Panel		20 June 2024	 UKLink@xoserve.com
Modification Panel recommendation		20 June 2024	

1 Summary

What

Currently UNC states that the UIG Reconciliation Period is the period of 12 months ending with (and including) the Reconciliation Billing Period. (UNC TPD Section E - 7)

As a result, a Shipper is responsible for a percentage (%) of the UIG amendment for a site for 12 Months for the period of its ownership

This was put in place originally, because it was believed the majority of reconciliations would flow within 12 months, and rather than continue to share out the reconciliations over a long period, using 12 months would be less of a barrier to exiting the market.

In practical terms if a site is taken over by a new Shipper or a Shipper leaves the market, the outgoing Shipper will still be responsible for the UIG charge on the amendment invoice for the site for 12 months, although this will gradually decrease over the 12-month period.

This arrangement does mean that UIG reconciliation is smeared equally across the previous 12 months (equally divided into 1/12 per month) rather than reconciling against the same month the energy originated from. If a change is not made, then the Unidentified Gas Reconciliation will continue to be smeared to the last 12 months instead of to the same months that the energy originated from, which is inherently more accurate and fairer than the existing arrangements

Why

If a change is not made, then the Unidentified Gas Reconciliation will continue to be smeared to the last 12 months instead of to the same months that the energy originated from.

An increased number of supply meter points are being read on a monthly basis which means that the 12 monthly smear of UIG is now less accurate than it was historically.

When a party does seek to leave the market, the current 12 monthly smear of UIG means that their share of UIG does not always match their original allocations.

This Modification seeks to resolve the above points by amending the UIG reconciliation period to ensure that UIG is reconciled in the same month that the energy originated from, potentially mitigating the above discrepancies in how UIG is currently allocated.

How

The Proposal is therefore to reconcile UIG to the same months that the energy originated from (instead of smearing to the last 12 months) which is inherently more accurate and fairer than the existing arrangements

2 Governance

Justification for Authority Direction

This change is material as it has a significant commercial impact on parties, consumers, or other stakeholder(s); and therefore warrants Authority Direction

Requested Next Steps

This Modification should:

- be considered a material change and not subject to Self-Governance.
- be assessed by a Workgroup.

3 Why Change?

If a change is not made, then Unidentified Gas Reconciliation will continue to be smeared to the last 12 months instead of to the same months that the energy originated from. Due to the increase in monthly read sites, reconciling UIG in the month the energy originated from, means UIG reconciliation will be more accurate.

4 Code Specific Matters

Reference Documents

UNC TPD Section E – 7 <https://www.gasgovernance.co.uk/index.php/TPD>

Knowledge/Skills

TBC.

5 Solution

The Business Rule(s) (BRs) are set out below:

BR1: Reconcile UIG to the same months that the energy originated from.

BR1 Note 1: The solution would not expect invoicing to be at Meter Point Level and the current invoicing format would be simply extended to cover the additional months.

BR1 Note 2: The solution expects that UIG would continue to be reconciled back to Line in the Sand to ensure that no UIG is left unaccounted for.

BR1: Note 3: For the avoidance of doubt other than an amendment to the UIG reconciliation period as set out in BR1, meter point reconciliation calculations and all other processes associated with UIG reconciliation are to remain the same.

BR1: Note 4: For the avoidance of doubt, UIG will be reconciled across the **whole** of the month that the energy originated from. Reconciliation **will not** be limited to the exact dates that month that the energy originated from.

BR2: This change is to the UIG reconciliation period and **will not** result in changes to meter point reconciliation calculations and associated processes.

6. Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No.

Consumer Impacts

The existing arrangements lead to the smearing of UIG over the last 12 months despite it relating to a different period and this is a difficult concept to explain and to forecast for Consumers.

What is the current consumer experience and what would the new consumer experience be?

As noted above the outcome should be a more logical process with an outcome that is more accurate and easily understood by Consumers.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case	None
Reduced environmental damage	None
Improved quality of service	None
Benefits for society as a whole	None

Cross-Code Impacts

To be determined

EU Code Impacts

None

Central Systems Impacts

From a system perspective, the CDSP will be required to reconcile UIG to the same months that the energy originated from (instead of smearing to the last 12 months).

6 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

The Modification furthers Relevant Objective d) Securing of effective competition:

- (i) between relevant shippers.
- (ii) between relevant suppliers; and/or
- (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.

As it reconciles UIG to the same months that the energy originated from (instead of smearing over the previous 12 months) it better reflects the Shippers actual position thereby furthering effective competition.

7 Implementation

No implementation timescales are proposed. However, this Modification should be implemented as soon as reasonably practicable following Authority direction to do so.

8 Legal Text

Text Commentary

TBC

Text

TBC

9 Recommendations

Proposer’s Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply.
- Refer this proposal to a Workgroup for assessment.